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BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Filed February 26, 2015)

PACIFIC GAS AND ELECTRIC COMPANY'S OPENING COMMENTS ON ALJ RULING REQUESTING SUPPLEMENTAL COMMENT ON INTERCONNECTION ISSUES RELATED TO THE BIOENERGY FEED-IN TARIFF

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Dated: May 25, 2016

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Filed February 26, 2015)

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I. INTRODUCTION

Pursuant to Ordering Paragraph 1 of the May 6, 2016 Administrative Law Judge's Ruling Requesting Supplemental Comment on Interconnection Issues Related to the Bioenergy Feed-In Tariff under the California Renewables Portfolio Standard ("RPS") and Stating Intention to Take Official Notice of Documents (the "Ruling"), Pacific Gas and Electric Company ("PG&E") submits these opening comments on the Ruling.

The Ruling seeks supplemental input from parties regarding the February 26, 2016 comments filed in this docket by the Bioenergy Association of California's ("BAC"), in which BAC made a proposal to change the Bioenergy Market Adjusting Tariff's ("BioMAT") eligibility criteria with respect to interconnection ("BAC Proposal").[1/] The BAC Proposal arose in the context of the California Public Utilities Commission's ("Commission") proceeding to consider implementation of Governor Brown's October 30, 2015 Emergency Proclamation on

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1/ Opening Comments of Bioenergy Association Of California's Comments On Administrative Law Judge's Ruling On The Staff Proposal To Implement The Governor's Emergency Proclamation On Tree Mortality And Seeking Comment On The Staff Proposal, filed in R.15-02-020, Feb. 26, 2016, pp. 11-16.

Tree Mortality ("Emergency Proclamation"), and, specifically, whether revisions to the BioMAT Program may help to address the declared emergency.

The Ruling requests that parties respond to eight specific questions on the BAC Proposal.[2/] PG&E responds to each of these questions in Section II of this brief, below, in the order in which they were presented in the Ruling. PG&E recommends in response to Question 8, below, and in Appendices 1 and 2 to these comments, modifications to the existing BioMAT Tariff and power purchase agreement ("PPA") to address the issues identified in the BAC Proposal while mitigating the greatest risks that the BAC Proposal presents. PG&E's proposed redline changes to the Tariff and PPA in Appendices 1 and 2 are conceptual and meant to illustrate PG&E's proposal. PG&E reserves the right to propose additional conforming or necessary Tariff and PPA edits in subsequent phases of this proceeding.

II. PG&E'S RESPONSE TO THE ALJ'S QUESTIONS

1. What, if any, effect would adopting the BAC interconnection proposal have on interconnection procedures under Rule 21 and the Wholesale Distribution Access Tariff (WDAT)? Provide a detailed explanation of your position.

PG&E understands that the BAC Proposal would not seek to modify existing Electric Rule No. 21 ("Rule 21") and Wholesale Distribution Tariff ("WDT") procedures. However, BAC's Proposal would explicitly encourage developers to obtain a study with no intention of moving forward with the project under that study. This increases the risk of higher volumes of speculative projects in PG&E's distribution interconnection queue. Before changes were made in April 2012 to the WDT and Rule 21 Tariffs, which required a reasonable financial security posting following each study in the Independent Study Process ("ISP"), PG&E's interconnection

2/ Ruling, pp. 4-5.

department grappled with an extremely high withdrawal rate for new project interconnection requests. Following these tariff changes, the withdrawal rate dropped significantly.

Large volumes of speculative projects are problematic for grid planning because each project is studied under the assumption that earlier queued projects will interconnect to the grid as proposed. Because there is no way to know which projects are committed to interconnection and thus should be accounted for in future interconnection studies, BAC's proposal introduces greater uncertainty in cost estimates.

2. What, if any, additional screens on project viability should the Commission require for projects that have received a Phase 1 study but have left the interconnection queue prior to receiving a BioMAT PPA?

See PG&E's response to Question 8, below.

3. What, if any, are the potential effects of the BAC interconnection proposal on the ability of BioMAT projects to meet their contractual commercial online date?

PG&E' strongly opposes BAC's proposal to allow a PPA to become effective (and thereby begin the developer's obligation to achieve commercial operation) without an active interconnection study for the project, and PG&E suggests an alternative proposal in response to Question 8, below. The BAC Proposal would undoubtedly put developers at greater risk of not meeting the 24-month deadline – or 30 months if granted the 6-month extension – for Commercial Operation ("COD") and, ultimately, increase the risk of expensive and time-consuming disputes related to events of default and termination.

The interconnection process contains a sequence of integrated tasks with alternating responsibility between the distribution provider and the interconnection customer. Depending on the project and location-specific details, the timeline from interconnection application submittal to COD under the ISP ranges widely (18-45 months). Fast Track-eligible projects would accelerate this timeline; however, PG&E expects most projects to interconnect via the ISP.

Table 1, below, illustrates a typical interconnection process and the range of timelines associated with each step.

Table 1

Independent Study Process	Time Estimate – Low	Time Estimate – High
Complete Application	1 month	2 months
Independent Study Process	6 months	15 months
Interconnection Agreement (IA)	3 months	4 months
IA to COD	8 months	24 months
Total Time	18 months	45 months

Generally speaking, forest biomass projects that are remotely located on the end of distribution lines with little surrounding load are more likely to require substantial upgrades to the grid. Accordingly, PG&E would expect project development timelines for such projects to fall on the latter half of the time estimates presented above.

PG&E disagrees with BAC's statement that "it is reasonable to expect a utility to interconnect a forest project within 24 months even if the project must start the ISP process over again."[3/] The interconnection procedures governed by the existing Rule 21 Tariff and the WDT are designed to help ensure that projects are interconnected safely and without prejudice. These tariffs do not allow PG&E to expedite interconnection for forest biomass projects ahead of other projects.[4/]

3/ BAC Proposal at p. 15.

4/ PG&E's approved tariff for interconnection pursuant to Rule 21 at p. 32; PG&E's approved tariff for interconnection pursuant to the WDT at p. 481.

To help minimize the time and cost for interconnecting projects, developers are encouraged to utilize the tools provided by PG&E's Electric Generation Interconnection ("EGI") services organization, including what is known as the "PV and RAM Program Map."[5/] This interactive map allows developers of all technologies to locate substations, operating voltages, as well as circuit load and capability.

Rule 21 and the WDT also provide a pre-application process that can provide line capacity, allocated and queued capacity, voltage information, peak and minimum load data if available, and other distribution equipment information.

4. Compare the potential impact on the administration of the BioMAT program of the BAC interconnection proposal to the Staff Proposal on interconnection, addressing at least the following issues: (a) Management of the interconnection queue; (b) Interconnection costs for BioMAT participants; and (c) Costs to ratepayers of BioMAT projects that receive PPAs.

For purposes of this question, PG&E has added as a third comparator PG&E's proposed modifications to the BioMAT Tariff and PPA that are more fully described in the response to Question 8, below. PG&E's proposed changes are meant to address the concerns raised in the BAC Proposal while mitigating some of the greatest risks the BAC Proposal presents. While PG&E has addressed this question in the order it was presented by the Ruling, PG&E strongly recommends that readers review PG&E's response to Question 8 first, in order to have context for the response to this question.

In general, the status quo requirements for BioMAT interconnection requirements and studies, as embodied in the original Staff Proposal, would minimize negative impacts to the interconnection queue since those requirements best mitigate the risk of speculative projects and

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5/ This map may be access at the following url: http://www.pge.com/en/b2b/energysupply/wholesaleelectricsuppliersolicitation/PVRFO/pvmap/index.page low project viability. The BAC Proposal would tend to reduce the cost to BioMAT participants associated with joining the BioMAT queue when compared to the status quo since BioMAT participants using High Hazard Zone ("HHZ") fuels could submit a Program Participation Request ("PPR") without paying to preserve an interconnection queue position.

PG&E's alternative optimizes best among the competing criteria set forth in this question. PG&E's alternative would further reduce the costs of participation for BioMAT participants using HHZ fuels (since, unlike the BAC Proposal, these participants would not need to have received a prior interconnection study), and PG&E's proposal would also support the neutral and efficient interconnection of all resources by providing adequate time for BioMAT projects to be interconnected after executing a PPA.

Table 2, below, compares the three alternatives based on the criteria (a) through (c) set forth in the question.

Table 2

	BAC Proposal	**PG&E Alternative**	**Staff Proposal / Status Quo**
a)	Encourages applicants to apply for interconnection even though they do not intend to remain in the queue and utilize that study (See answer to Question 1 for detail).	Improves the management of the queue relative to the BAC Proposal by removing requirement to obtain study prior to PPR submission and instead providing adequate time after PPA execution for developer to receive interconnection study. Uses pre-application request process to provide cost-effective basic preliminary information to developers of Category 3 projects using HHZ fuels.	By requiring an active interconnection study in order to submit a PPR, the status quo encourages a timely and rational interconnection queue.

	BAC Proposal	PG&E Alternative	Staff Proposal / Status Quo
b)	Study costs would be greater due to the potential requirement for two qualifying studies (one prior to BioMAT queue participation and one post PPA execution). Because participation would be allowed without an active study, it reduces the cost of participation, but it will result in more project failures and terminations due to the unrealistically short interconnection timeframe, thereby increasing the overall costs of BioMAT.	Will reduce the initial cost of submitting a PPR compared to other options since the only requirement is a pre-application report, which is currently priced at $300. Over the entire duration of the interconnection, the price should be about the same as the status quo.	Total costs would ultimately be similar to PG&E's Alternative, minus the cost of the pre-application fee, because both assume moving forward with a single interconnection study. However, the financial posting is due sooner than with PG&E's Alternative.
c)	Has the potential to lead to higher prices if developers hedge the risk of interconnection cost uncertainty with a higher PPA price. Total program cost impact is uncertain, particularly if it decreases project viability due to the risk of interconnection costs and timelines not aligning with PPA terms.	Similar to BAC Proposal.	Has the potential to result in higher prices if developers must recoup higher carrying costs related to remaining active in the interconnection queue for longer periods.

5. If the Commission were to adopt the BAC interconnection proposal, should it apply to the entire BioMAT program? Why or why not?

The stated purpose of the Emergency Proclamation and the February 12, 2016 Staff Proposal implementing the Emergency Proclamation is to facilitate BioMAT projects utilizing fuel from HHZs.[6/] PG&E therefore recommends that any changes to BioMAT in this proceeding be limited to Category 3 facilities utilizing HHZ fuels. At minimum this should require an

6/ CPUC Staff Proposal, p. 1

applicant to attest in its PPR that it will use HHZ fuels and a fuel procurement plan in order to qualify for this exemption on interconnection eligibility. To the extent the Commission adopts a higher starting price or price premium for a certain amount of HHZ fuel use as outlined in the Staff Proposal,[7/] PG&E would require a more robust third party verification process in addition to the initial attestation of intent.[8/]

6. If the BAC interconnection proposal should not apply to the entire BioMAT program, should it apply only to generators in Category 3? Should only those generators using fuel from high hazard zones be included?

As more fully discussed in response to Question 5, if a version of BAC's Proposal is adopted by the Commission, PG&E would recommend applying it solely to Category 3 projects utilizing HHZ fuels.

7. If the BAC interconnection proposal is adopted, should the Commission set a condition that the terms of the BAC interconnection proposal will expire once the tree mortality emergency declared by the Emergency Proclamation has been declared to be over? Should the Commission set a different expiration date?

Yes. The stated purpose of the Ruling is to consider whether reasonable modifications can be made to the BioMAT Program to address the Emergency Proclamation. In the event the emergency is no longer continuing, it follows that an exemption provided to facilities using HHZ fuel should be rescinded with sufficient notice provided to the market. In addition, PG&E recommends that the IOUs have an explicit option to request modifications or an end to the special exemption via a Tier 2 advice letter filing if the exemption results in negative or unforeseen consequences. These consequences could include, for example, unreasonable cost or timing impacts on other projects in the interconnection queue or low BioMAT project viability.

7/ CPUC Staff Proposal at p. 7

8/ PG&E Opening Comments On Staff Proposal To Implement Governor's Emergency Proclamation On Tree Mortality, filed in R.15-02-020, Feb. 26, 2016, pp. 3-5.

8. **What changes would be required to the BioMAT tariff and the BioMAT PPA in order to implement the BAC interconnection proposal?**

PG&E believes that the current interconnection study requirements for BioMAT eligibility are commercially reasonable and critically important to ensuring project viability and timely interconnection. However, in the event that the Commission determines that it must make changes to these interconnection requirements for facilities utilizing HHZ fuels, the Commission should not, as recommended by BAC, allow BioMAT participants to execute a PPA and trigger than 24-month deadline for commercial operation without an active interconnection study. This would lead to unreasonably high risk of non-viability, PPA termination, and the potential for resulting litigation. Instead, PG&E proposes an alternative set of modifications that would carry out the intent of the BAC Proposal while mitigating some of the largest and most obvious risks inherent in the BAC Proposal.

PG&E's proposal would make the following BioMAT PPA and BioMAT Tariff changes for BioMAT Category 3 projects utilizing HHZ fuel:

a. If a project does not have an active interconnection study as currently required in the BioMAT Tariff, a project must submit a complete Pre-Application Report to be eligible for the BioMAT Program and provide updated Pre-Application Reports every 6 months while in the BioMAT queue to mitigate the risk of outdated information. The Pre-Application Report, particularly with improvements expected to be adopted by the Commission later this year,[9/] can provide basic information on the proposed point of interconnection and nearest

9/ *See* Proposed Decision of Administrative Law Judge Bushey and pending Alternate Proposed Decision of Commissioner Catherine J.K. Sandoval, R.11-09-011, Order Instituting Rulemaking on the Commission's Own Motion to Improve Distribution Level Interconnection Rules and Regulations for Certain Classes of Electric Generators and Electric Storage Resources (proposing an enhanced Pre-Application Report process).

substation, which may help experienced developers better understand potential interconnection costs. However, the risk associated with the final cost of interconnection necessarily remains on the developer. The cost and burden on developers of submitting a Pre-Application Request is minimal with a simple application and $300 fee.[10/] PG&E's would also modify the BioMAT Tariff, as shown in Appendix A to these comments, to require a project to submit a fuel procurement plan with its PPR.

b. Such projects may execute a PPA according to the existing BioMAT Tariff procedures; however, the PPA will contain a new condition precedent that the PPA will become effective upon the seller receipt and delivery to PG&E of a complete qualifying interconnection study (*e.g.,* a System Impact Study), which condition must be satisfied within 15 months of PPA execution. The existing obligation of a seller to post security with PG&E within 30 days of PPA execution will remain. If the Seller does not receive and provide to PG&E a complete study for the project within 15 months of PPA execution, the PPA would terminate. Because the PPA would not become effective unless and until the developer has received and provided to PG&E an active interconnection study, this PPA modification would mitigate the risk of a project failing to meet the BioMAT COD deadlines. This proposal also provides a time limit for obtaining a study to allow the reserved BioMAT capacity to return to the Program if a project does not move forward in a timely manner.

10/ PG&E's Pre-Application Request form for interconnection under Rule 21 may be found at the following url: http://www.pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1163.pdf.

c. Category 3 projects seeking to qualify for this exemption on interconnection eligibility due to the use of HHZ fuel will submit a higher PPR fee of $5/kW (compared to the existing $2/kW that would continue to apply to other BioMAT PPRs) to avoid speculative PPR submissions given the lower entry requirements.

As requested by the Ruling, Appendices A and B to these comments provide conceptual redline modifications to the relevant sections of the BioMAT Tariff and PPA, respectively, that illustrate the changes that would be necessary to adopt PG&E's proposed alternative to the BAC Proposal.

Respectfully submitted,

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By: *\/s/ M. Grady Mathai-Jackson*
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May 25, 2016

APPENDIX A

PG&E's PROPOSED BIOMAT TARIFF REDLINES

ELIGIBILITY

5. Interconnection Study/Strategically Located: An Applicant must have passed the Fast Track screens, passed Supplemental Review, completed a PG&E System Impact Study in the Independent Study Process, completed a PG&E Distribution Group Study Phase 1 Interconnection Study in the Distribution Group Study Process, or completed a PG&E Phase 1 Study in the Cluster Study Process for its Project (Interconnection Study), or made use of an existing interconnection agreement to the extent permitted by PG&E's tariff. The qualifying study must correspond to an active interconnection queue number in PG&E's public wholesale distribution queue while participating in the BioMAT queue, with the following exception for High Hazard Fuel Projects. Such High Hazard Fuel Projects may meet this Interconnection Study eligibility requirement by providing a complete Pre-Application Report to PG&E as part of the Applicant's PPR submittal and by submitting a revised or new Pre-Application Report every six months thereafter while participating in the BioMAT queue.

    a. The Project must be interconnected to PG&E's distribution system, and except for High Hazard Fuel Projects that are submitting a PPR with a Pre-Application Report, the Project's most recent Interconnection Study or Interconnection Agreement must affirmatively support the Project's ability to interconnect within twenty four (24) months of the execution of the BioMAT power purchase agreement (PPA) Form #79-1172. To the extent the cost of transmission system

Network Upgrades incurred in connection with the Project exceed $300,000, the Applicant will bear the actual costs in excess of $300,000 in accordance with the BioMAT PPA.

12. Fuel Resource Requirements: The Project's fuel resource(s) must be eligible for the Renewables Portfolio Standard (RPS) in accordance with the California Energy Commission's (CEC) RPS eligibility requirements and must comply with the Fuel Resource Category definitions provided in Section N.2 of this Schedule. At the time of PPR submittal, the Applicant must provide to PG&E an attestation that specifies the Fuel Resource Category of fuel that the Applicant will use for the Project. The Applicant may only select one (1) Fuel Resource Category. For Category 2, Applicant must select either (i) Category 2 (Dairy), or (ii) Category 2 (Other Agriculture). Applicants submitting a PPR for a High Hazard Fuel Project must also submit an attestation that the Project will use High Hazard Fuel and provide a fuel procurement plan in a form requested by PG&E. The fuel requirements by Fuel Resource Category are as follows:

QUEUE MANAGEMENT AND PROGRAM PARTICIPATION REQUEST (PPR)

2.(a) PPR Fee: Applicant must pay to PG&E a non-refundable application fee as part of each PPR submission calculated as follows: [$2/kilowatt (kW)] [***[In the case of High Hazard Fuel Projects:*** $5/kilowatt (kW)] multiplied by the Project's Contract Capacity. The PPR fee will not be applicable towards the Collateral Requirement under a BioMAT PPA. The manner and form of payment will be specified by PG&E on its website and/or online platform.

DENIAL OF BIOMAT PROGRAM PARTICIPATION

8. The Project had previously been awarded a PPA that was terminated within the last twelve months of an Applicant's PPR submittal due to Seller's failure to submit a qualifying interconnection study pursuant to Section 2.4.3 of the previously awarded PPA.

DEFINITIONS

2(c)(5) High Hazard Fuel.

3. High Hazard Fuel: Forest biomass feedstock from High Hazard Zones.

4. High Hazard Fuel Projects: Category 3 Projects utilizing High Hazard Fuel.

5. High Hazard Zones: For the purposes of this Schedule, areas designated as Tier 1 or Tier 2 high hazard zones for wildfire and falling trees by the California Department of Forestry and Fire Protection ("CAL FIRE"), the California Natural Resources Agency, the California Department of Transportation, the California Energy Commission, or other designated agency.

6. Pre-Application Report: The effective pre-application report offered to PG&E customers seeking to interconnect under either the Electric Rule 21 Tariff or the Wholesale Distribution Tariff.

APPENDIX B

PG&E'S PROPOSED BIOMAT PPA REDLINES

COVER SHEET

Pacific Gas and Electric Company, a California corporation ("Buyer" or "PG&E"), and ________________ ("Seller"), a ____________________________________ *[Seller's form of business entity and state of organization]*, hereby enter into this Power Purchase Agreement ("Agreement") ~~made and effective~~ as of the Execution Date. Seller and Buyer are sometimes referred to in this Agreement jointly as "Parties" or individually as "Party." In consideration of the mutual promises and obligations stated in this Agreement and its appendices, the Parties agree as follows:

Section D(ix) Fuel Use Description (brief explanation of any Fuel Use from other Fuel Resource Categories as applicable per the Fuel Resource Requirements (High Hazard Fuel Projects to supplement with a fuel procurement plan):

GENERAL TERMS AND CONDITIONS

1.1.1 If not already capable of delivering Product on the [Execution Date] ***[In the case of High Hazard Fuel Project:*** Effective Date***]***, the Facility's expected Commercial Operation Date is the date specified in the Cover Sheet, which may, subject to the terms of the Agreement, be modified by Seller from time to time after the Execution Date. Seller shall provide Notice to Buyer of the latest expected Commercial Operation Date of the Facility no later than sixty (60) days before such date.

1.1.2 Seller shall have demonstrated Commercial Operation by the "Guaranteed Commercial Operation Date," which date shall be no later than the date that is twenty-four (24) months after the ~~Execution Date~~ [Execution Date] ***[In the case of High Hazard Fuel Projects:*** Effective Date***]***; provided that the Guaranteed Commercial Operation Date may be extended to no later than the date that is thirty (30) months after the ~~Execution Date~~ [Execution Date] ***[In the case of High Hazard Fuel Projects:*** Effective Date***]*** for the following reasons ("Permitted Extensions"):

1.2.1 In order to request a Permitting Delay or Transmission Delay (individually and collectively, "Delay"), Seller shall provide Buyer with Notice of the requested Delay by the earlier of (a) the date that is twenty-two (22) months after the ~~Execution Date~~ [Execution Date] ***[In the case of High Hazard Fuel Projects:*** Effective Date***]***and (b) within three (3) Business Days of the date that Seller becomes aware of, or reasonably should have become aware of, the circumstances giving rise for the applicable Delay, which Notice must clearly identify the Delay being requested and include information necessary for Buyer to verify the qualification of the Delay, including any information requested pursuant to Section 1.1.4 Buyer shall use reasonable discretion to grant or deny the requested extension, and shall provide Seller Notice of its decision within ten (10) Business Days of Notice from Seller.

2.4.1 The term shall commence upon the [Execution Date] **[*In the case of High Hazard Fuel Projects:*** Effective Date**]**of this Agreement and shall remain in effect until the conclusion of the Delivery Term unless terminated sooner pursuant to Sections 10.4 or 13 of this Agreement (the "Term").] **[*In the case of High Hazard Fuel Projects:*** This Agreement shall be effective and binding as of the Execution Date only to the extent required to give full effect to, and enforce, the rights and obligations of the Parties under: Article 1, Sections 2.4, 3.3.7, 3.7, 4.1, 4.3, 5.14, 5.15, 13.2.1, 13.2.2, 13.3, 13.4 through 13.8, and Article 8, 9, 12, 15 through 19.]

2.4.3 **[**If not already provided to Buyer on or before the Execution Date, Seller must provide to Buyer within fifteen (15) months of the Execution Date ("Condition Precedent Deadline") an active Interconnection Study pursuant to Eligibility Section 5 of the BioMAT Tariff for the Project as described in the Cover Sheet ("Study Condition Precedent").**]** **[*High Hazard Fuel Projects Only.*]**

2.4.4 **[**If the Study Condition Precedent is not satisfied by Seller by the Condition Precedent Deadline pursuant to Section 2.4.3, this Agreement will terminate as of the day following the Condition Precedent Deadline ("Condition Precedent Termination Date"). As of the Condition Precedent Termination Date, other than the Collateral Requirement in Section 12.1, neither Party shall have any further obligation or liability to the other, including for a Termination Payment, by reason of such termination.***] [High Hazard Fuel Projects Only]***

12.5 Use of Collateral Requirement. Buyer shall be entitled to draw upon the Collateral Requirement for any damages arising upon Buyer's declaration of an Early Termination Date or as set forth in Sections [***In the case of High Hazard Fuel Projects:*** 2.2.4,] 12.3.1, ~~and~~ or 12.3.2. If Buyer terminates this Agreement [***In the case of High Hazard Fuel Projects***: or the Agreement terminates pursuant to Section 2.2.4] and Buyer is entitled to draw upon the Collateral Requirement, any amount of Collateral Requirement that Seller has not yet posted with Buyer will be immediately due and payable by Seller to Buyer.

12.5.1 Return of Collateral Requirement. [***In the case of High Hazard Fuel Projects***: Except if the Agreement terminates pursuant to Section 2.2.4,] Buyer shall return the unused portion of the Collateral Requirement, including the payment of any interest due thereon to Seller promptly after the following has occurred: (a) the Term of the Agreement has ended, or an Early Termination Date has occurred, as applicable; and (b) all payment obligations of the Seller arising under this Agreement, including but not limited to payments pursuant to the Settlement Amount, indemnification payments, or other damages are paid in full (whether directly or indirectly such as through set-off or netting).

13.10 Permit Termination Right. Either Party has the right to terminate this Agreement on Notice, which will be effective five (5) Business Days after such Notice is given, if Seller has not obtained permits necessary for the construction and operation of the Project within twenty-two (22) months after the [Execution Date] [***In the case of High Hazard Fuel Projects:*** Effective Date] and a Notice of termination is given on or before the end of the twenty-third (23rd) month after the [Execution Date][***In the case of High Hazard Fuel Projects:*** Effective Date]; provided that prior to any termination by Seller under this Section 13.10, Seller must have taken all commercially reasonable actions (including but not limited to Seller's timely filing of required documents and payment of all applicable fees) to obtain such permits.

APPENDIX A

"Condition Precedent Deadline" has the meaning set forth in Section 2.4.3. ***[For High Hazard Fuel Projects Only]***

"Condition Precedent Termination Date" has the meaning set forth in Section 2.4.4. ***[For High Hazard Fuel Projects Only]***

"Effective Date" means the date on which the Study Condition Precedent set forth in Section 2.4.3 has been satisfied by Seller. ***[For High Hazard Fuel Projects Only]***

"Study Condition Precedent" has the meaning set forth in Section 2.4.3. ***[For High Hazard Fuel Projects Only]***

APPENDIX D – FORECASTING AND OUTAGE NOTIFICATION REQUIREMENTS:

C.1. Annual Forecast of Expected Generation Output. No later than (I) the earlier of July 1 of the first calendar year following the [Execution Date] ***[In the case of High Hazard Fuel Projects:*** Effective Date***]*** or one hundred and eighty (180) days before the first day of the first Contract Year of the Delivery Term ("First Annual Forecast Date"), and (II) on or before July 1 for each calendar year from the First Annual Forecast Date for every subsequent Contract Year during the Delivery Term, Seller shall provide to Buyer a non-binding forecast of the hourly Expected Generation Output for each day in each month of the following calendar year in a form reasonably acceptable to Buyer.

VERIFICATION

I, Chris DiGiovanni, am an employee of Pacific Gas and Electric Company, a corporation, and am authorized to make this verification on its behalf. I have read the foregoing *PACIFIC GAS AND ELECTRIC COMPANY'S OPENING COMMENTS ON ALJ RULING REQUESTING SUPPLEMENTAL COMMENT ON INTERCONNECTION ISSUES RELATED TO THE BIOENERGY FEED-IN TARIFF*.

The statements in the foregoing document are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 25th day of May, 2016 at San Francisco, California.

/s/ Chris DiGiovanni
CHRIS DIGIOVANNI
Manager, Renewable Energy Procurement
Pacific Gas and Electric Company